



2007 ASSEMBLY JOINT RESOLUTION 23

March 1, 2007 - Introduced by Representatives ALBERS, MUSSER and MURSAU.
Referred to Committee on Elections and Constitutional Law.

1 ***To renumber and amend*** section 1 of article VIII; and ***to create*** section 1 (1), (3),
2 (4) and (5) of article VIII of the constitution; **relating to:** creating a property
3 tax classification for development rights, limiting the annual percentage
4 increase in property tax assessments, and prohibiting property tax rate
5 increases without voter approval (first consideration).

Analysis by the Legislative Reference Bureau

This proposed constitutional amendment, proposed to the 2007 legislature on first consideration, provides that, beginning with real property taxes assessed by a city, village, town, or county on the January 1 after ratification, the maximum annual percentage increase in the property tax assessment on a parcel of real property for any year may not exceed the lesser of: 1) 3 percent; 2) inflation in the prior year, minus 0.5 percent, but not less than zero percent; or 3) an amount that raises the assessed valuation above the fair market value. The amendment permits the legislature, by law, to provide exceptions when property is resold, for the treatment of improvements, and for changes outside the taxpayer's control.

The amendment also prohibits property tax rate increases by cities, villages, towns, counties, and other jurisdictions, other than the state, that are authorized by law to levy taxes on general property that is located within their boundaries. The amendment provides a method by which the limit may be exceeded with elector approval.

Finally, the amendment allows the legislature to create classifications, for property tax purposes, for development rights that are included with, or separate

from, land. Under the proposed amendment, the taxation of a development right is not required to be uniform with the taxation of other real or personal property. Currently, the state constitution allows the legislature to create similar classifications for forests and for minerals that are included with, or separate from, land.

A proposed constitutional amendment requires adoption by two successive legislatures, and ratification by the people, before it can become effective.

1 ***Resolved by the assembly, the senate concurring, That:***

2 **SECTION 1.** Section 1 of article VIII of the constitution is renumbered section
3 1 (2) of article VIII and amended to read:

4 [Article VIII] Section 1 (2) The Subject to other provisions of this section, the
5 rule of taxation shall be uniform but the legislature may empower cities, villages, or
6 towns to collect and return taxes on real estate located therein by optional methods.
7 Taxes shall be levied upon such property with such classifications as to forests and
8 minerals and development rights including, or separate or severed from, the land,
9 as the legislature shall prescribe. Taxation of agricultural land and undeveloped
10 land, both as defined by law, need not be uniform with the taxation of each other nor
11 with the taxation of other real property. Taxation of merchants' stock-in-trade,
12 manufacturers' materials and finished products, and livestock need not be uniform
13 with the taxation of real property and other personal property, but the taxation of all
14 such merchants' stock-in-trade, manufacturers' materials and finished products
15 and livestock shall be uniform, except that the legislature may provide that the value
16 thereof shall be determined on an average basis.

17 (6) Taxes may also be imposed on incomes, privileges and occupations, which
18 taxes may be graduated and progressive, and reasonable exemptions may be
19 provided.

1 **SECTION 2.** Section 1 (1), (3), (4) and (5) of article VIII of the constitution are
2 created to read:

3 [Article VIII] Section 1 (1) In this section:

4 (a) "Ballot issue" means a question presented pursuant to this subsection to the
5 electors for approval at an election.

6 (b) "Governmental unit" means any city, village, town, or county.

7 (c) "Inflation" means the percentage equal to the average annual percentage
8 change in the U.S. consumer price index for all urban consumers, U.S. city average,
9 as determined by the U.S. department of labor, for the 12 months ending on
10 December 31 of the year before the assessment year, minus 0.5 percent.

11 (d) "Taxing jurisdiction" means an entity, other than the state, that is
12 authorized by law to levy taxes on general property that is located within its
13 boundaries.

14 (3) (a) Except as otherwise provided in this subsection, beginning with real
15 property tax assessments by a governmental unit as of the January 1 after
16 ratification of this paragraph, the maximum annual percentage increase in the
17 property tax assessment on a parcel of real property for any year, excluding special
18 assessments, may not exceed the lesser of:

19 1. Three percent;

20 2. Inflation, but not less than zero percent; or

21 3. The percentage which, when it is added to 100 percent and their sum
22 multiplied by the amount of the parcel's assessment, their product equals the fair
23 market value of the parcel, but not less than zero percent.

24 (b) The legislature, by law, shall provide a mechanism to adjust the limitation
25 under this subsection to reflect the occurrence of any of the following:

- 1 1. Annexation.
- 2 2. Creation of a new governmental unit.
- 3 3. Consolidation, or change in the boundaries, of a governmental unit.
- 4 4. Exempt property becoming taxable.
- 5 5. Changes to previous assessments correcting clerical, arithmetic,
- 6 transpositional, and other similar errors.

7 (c) The adjustment mechanism provided for in par. (b) shall be used in
8 determining a limitation under this subsection beginning with the year immediately
9 following the annexation, creation of a new governmental unit, consolidation or
10 change in the boundaries of a governmental unit, change in taxable status, or
11 correction.

12 (4) (a) If a parcel specified in sub. (3) is improved, as defined by the legislature
13 by law, the parcel shall be assessed for the year in which the improvement is made
14 as if sub. (3) were not in effect as to the value added by the improvement, as defined
15 by the legislature by law, and in each subsequent year the parcel shall be assessed
16 as limited by sub. (3).

17 (b) If real property is conveyed, the parcel shall be assessed for the year in
18 which the property is conveyed as if sub. (3) were not in effect and in each subsequent
19 year the parcel shall be assessed as limited by sub. (3).

20 (5) (a) Except as otherwise provided in this subsection, a taxing jurisdiction
21 may not impose a tax on property at a rate in excess of the rate in effect on the day
22 on which this amendment to the constitution is ratified.

23 (b) The limit under par. (a) may be exceeded in a taxing jurisdiction only with
24 elector approval under this subsection in advance. An approval may not apply to less
25 than all of the real property in the taxing jurisdiction.

1 (c) A ballot issue may be submitted only at an election at which either members
2 of the legislature or members of the judiciary are regularly elected or at a primary
3 election held to nominate candidates to be voted for at such an election, or on the
4 Tuesday next succeeding the first Monday of November in odd-numbered years.

5 **SECTION 3. Numbering of new provisions.** (1) The new subsection (1) of
6 section 1 of article VIII of the constitution created in this joint resolution shall be
7 designated by the next higher open whole subsection number in that section in that
8 article if, before the ratification by the people of the amendment proposed in this joint
9 resolution, any other ratified amendment has created a subsection (1) of section 1 of
10 article VIII of the constitution of this state. If one or more joint resolutions create
11 a subsection (1) of section 1 of article VIII simultaneously with the ratification by the
12 people of the amendment proposed in this joint resolution, the subsections created
13 shall be numbered and placed in a sequence so that the subsections created by the
14 joint resolution having the lowest enrolled joint resolution number have the numbers
15 designated in that joint resolution and the subsections created by the other joint
16 resolutions have numbers that are in the same ascending order as are the numbers
17 of the enrolled joint resolutions creating the subsections.

18 (2) The new subsection (2) of section 1 of article VIII of the constitution
19 resulting from the renumbering and amendment of section 1 of article VIII of the
20 constitution by this joint resolution shall be designated by the next higher open
21 whole subsection number in that section in that article if, before the ratification by
22 the people of the amendment proposed in this joint resolution, any other ratified
23 amendment has created a subsection (2) of section 1 of article VIII of the constitution
24 of this state. If one or more joint resolutions create a subsection (2) of section 1 of
25 article VIII simultaneously with the ratification by the people of the amendment

1 proposed in this joint resolution, the subsections created shall be numbered and
2 placed in a sequence so that the subsections created by the joint resolution having
3 the lowest enrolled joint resolution number have the numbers designated in that
4 joint resolution and the subsections created by the other joint resolutions have
5 numbers that are in the same ascending order as are the numbers of the enrolled
6 joint resolutions creating the subsections.

7 (3) The new subsection (3) of section 1 of article VIII of the constitution created
8 in this joint resolution shall be designated by the next higher open whole subsection
9 number in that section in that article if, before the ratification by the people of the
10 amendment proposed in this joint resolution, any other ratified amendment has
11 created a subsection (3) of section 1 of article VIII of the constitution of this state.
12 If one or more joint resolutions create a subsection (3) of section 1 of article VIII
13 simultaneously with the ratification by the people of the amendment proposed in this
14 joint resolution, the subsections created shall be numbered and placed in a sequence
15 so that the subsections created by the joint resolution having the lowest enrolled joint
16 resolution number have the numbers designated in that joint resolution and the
17 subsections created by the other joint resolutions have numbers that are in the same
18 ascending order as are the numbers of the enrolled joint resolutions creating the
19 subsections. If the subsection (3) of section 1 of article VIII of the constitution created
20 in this joint resolution is so renumbered, then the cross-reference to that subsection
21 in section 1 (4) of article VIII of the constitution, also created in this joint resolution,
22 shall be renumbered accordingly.

23 (4) The new subsection (4) of section 1 of article VIII of the constitution created
24 in this joint resolution shall be designated by the next higher open whole subsection
25 number in that section in that article if, before the ratification by the people of the

1 amendment proposed in this joint resolution, any other ratified amendment has
2 created a subsection (4) of section 1 of article VIII of the constitution of this state.
3 If one or more joint resolutions create a subsection (4) of section 1 of article VIII
4 simultaneously with the ratification by the people of the amendment proposed in this
5 joint resolution, the subsections created shall be numbered and placed in a sequence
6 so that the subsections created by the joint resolution having the lowest enrolled joint
7 resolution number have the numbers designated in that joint resolution and the
8 subsections created by the other joint resolutions have numbers that are in the same
9 ascending order as are the numbers of the enrolled joint resolutions creating the
10 subsections.

11 (5) The new subsection (5) of section 1 of article VIII of the constitution created
12 in this joint resolution shall be designated by the next higher open whole subsection
13 number in that section in that article if, before the ratification by the people of the
14 amendment proposed in this joint resolution, any other ratified amendment has
15 created a subsection (5) of section 1 of article VIII of the constitution of this state.
16 If one or more joint resolutions create a subsection (5) of section 1 of article VIII
17 simultaneously with the ratification by the people of the amendment proposed in this
18 joint resolution, the subsections created shall be numbered and placed in a sequence
19 so that the subsections created by the joint resolution having the lowest enrolled joint
20 resolution number have the numbers designated in that joint resolution and the
21 subsections created by the other joint resolutions have numbers that are in the same
22 ascending order as are the numbers of the enrolled joint resolutions creating the
23 subsections.

24 (6) The new subsection (6) of section 1 of article VIII of the constitution
25 resulting from the renumbering and amendment of section 1 of article VIII of the

1 constitution by this joint resolution shall be designated by the next higher open
2 whole subsection number in that section in that article if, before the ratification by
3 the people of the amendment proposed in this joint resolution, any other ratified
4 amendment has created a subsection (6) of section 1 of article VIII of the constitution
5 of this state. If one or more joint resolutions create a subsection (6) of section 1 of
6 article VIII simultaneously with the ratification by the people of the amendment
7 proposed in this joint resolution, the subsections created shall be numbered and
8 placed in a sequence so that the subsections created by the joint resolution having
9 the lowest enrolled joint resolution number have the numbers designated in that
10 joint resolution and the subsections created by the other joint resolutions have
11 numbers that are in the same ascending order as are the numbers of the enrolled
12 joint resolutions creating the subsections.

13 ***Be it further resolved, That*** this proposed amendment be referred to the
14 legislature to be chosen at the next general election and that it be published for 3
15 months previous to the time of holding such election.

16 (END)